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**Ambac****Municipal Bond Insurance Policy**

Ambac Assurance Corporation  
 a UT Corporation System  
 11 East Madison Street, Madison, Wisconsin 53703  
 Administrative Office  
 One State Street Plaza, New York, New York 10001  
 Telephone: (212) 668-0340

Issuer **DIRECTOR OF THE STATE OF NEVADA  
 DEPARTMENT OF BUSINESS AND INDUSTRY**

Policy Number **17548BE**

Bonds **\$451,448,217.30 Las Vegas Monorail Project Revenue Bonds,  
 1<sup>st</sup> Tier Series 2000, dated September 1, 2000 for the Current  
 Interest Bonds and their Date of Delivery for the Capital  
 Appreciation Bonds, consisting of (1) FURTHER  
 DESCRIBED ON THE REVERSE HEREOF**

Premium **\$22,709,655.40**

Ambac Assurance Corporation (Contract A Wisconsin Stock Insurance Company)

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to United States Trust Company of New York, as trustee of the above bonds (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become due for payment but shall be unpaid by reason of Nonpayment by the Issuer.

Ambac will make such payments to the Insurance Trustee within one (1) business day following notification to Ambac of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then due for payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's right to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, in as to person ownership of such Bond to be registered in the name of Ambac or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to Ambac all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursement so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appurtenant to a Bond. As used herein, "Due for Payment", when referring to the principal of bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are due for payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signature and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

*P. Lassiter*

President



September 20, 2000

Effective Date

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No. 10 (10/99)

A 5405

*Anne G. Gill*

Secretary

*Anne L. Hind*

Authorized Representative

*William W. Weber*

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Ambac Assurance Corporation  
One State Street Plaza  
New York, NY 10004  
212.668.0340

A member of Ambac Financial Group, Inc.

September 13, 2000

Gregory B. Carey  
Salomon Smith Barney  
390 Greenwich Street, 2<sup>nd</sup> floor  
New York, NY 10013

RE: The State of Nevada, Department of Business and Industry, Las Vegas, Monorail  
Project Revenue Bonds, 1<sup>st</sup> Tier Series 2000, dated September 1, 2000.

**Ambac**

Dear Mr. Carey:

The closing for the above-captioned bonds issue are scheduled for September 20, 2000. Please be advised that payment of Ambac Assurance Corporation's premium for such issue should be made on the morning of closing, by a federal funds wire transfer in the total amount of \$23,070,714.49, (\$22,709,655.40 for the Policy and \$361,059.09 for the Surety Bond). Ambac's wiring instructions are as follows:

Citibank N.A., ABA NO. 021000089  
For: Ambac Assurance Corporation, A/C No. 40609486  
INDICATE NOS. 17548BE AND SB1080BE ON WIRE

Upon confirmation, by Ambac or its agent, of the federal funds wire transfer number and the delivery of the unqualified approving opinion of bond counsel either addressed to Ambac Assurance Corporation or accompanied by a reliance letter addressed to Ambac Assurance Corporation, Ambac's Closing Department will authorize release of its Municipal Bond Insurance Policy and Surety Bond.

In an attempt to maintain current files, please have Ambac placed on the Issuer's mailing list to receive its annual audit report and budget. Please direct this information to:

Ambac Assurance Corporation  
One State Street Plaza  
New York, NY 10004

ATTN: SURVEILLANCE DEPARTMENT

Should you have any questions regarding the above procedures, please do not hesitate to call the undersigned at (212) 208-3331.

Sincerely,

  
Danielle Brackett  
Closing Coordinator

cc: Richard I. Hiscocks, Esq.

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